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PROGRAMME PLANNING

Country, intercountry and global programmes

FOURTH COUNTRY PROGRAMME FOR INDIA*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
April 1990-March 1995	IPF resources	175 406 000
	Other resources programmed (if any)	-
	Total	<u>175 406 000</u>

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* Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; and (d) distribution of resources by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current socio-economic trends

1. India in the 1980s experienced a period of relatively higher growth in the gross domestic product (GDP) at around 5 per cent per annum which compares favourably with that recorded by most developing countries.
2. The Indian economy proved its resilience in the face of the poor monsoons of 1987. The major drought in India during 1987-1988 affected over two thirds of the country - but the fall in agricultural production was contained at 2 per cent, thanks to the structure of input delivery, as well as the research and extension network developed over the years. This was confirmed by the sharp increase of 20 per cent in 1988-1989 in agricultural production, marking a recovery from the drought of the previous year. In the current fiscal year, with a normal monsoon, agricultural production may not rise as dramatically from the high base attained in the prior year.
3. During the past three years, the climate for industrial investment has been good and exports have grown rapidly. Performance of certain key infrastructure sectors has also shown improvement. Nevertheless, the pattern of growth and methods of financing employed, internal as well as external, now call for certain crucial modifications in continuing the strategy to be followed for growth with self-reliance and equity. Clearly, the areas of strength by themselves will not ensure that the growth can continue in the same way as before without generating either more inflation or even greater pressure on the balance of payments.
4. Industrial production grew by about 7.5 per cent in 1987-1988, and by about 8.8 per cent in 1988-1989. However, the provisional data on the index of industrial production for April-August 1989 indicate a growth of only 3.8 per cent over the corresponding period of the previous year, reflecting a substantial deceleration in industrial growth in the first quarter of the current fiscal year, compared to an average annual growth rate in excess of 8 per cent in the past five years.
5. During April-December 1989, infrastructure performance has been mixed. Electricity generation increased by 12.3 per cent over the corresponding period in 1988 and crude oil production grew by about 7 per cent. In the steel, coal and cement sectors, however, there has been a decline in the growth rate.
6. Throughout the Seventh Five-Year Plan period (1985-1990) the balance of payments remained difficult. By 1988-1989 the balance of payments was under severe pressure despite an export growth of 29 per cent (15.5 per cent in terms of United States dollars) in that fiscal period as against import growth of 23.9 per cent (11 per cent in United States dollar terms). This can be attributed to certain medium-term factors and such short-term factors as a spillover of drought-related imports of essential commodities from 1987-1988, strong demand for imported items generated by a sharp recovery in production during the year, continuing high levels of fiscal imbalances, monetary growth and high debt repayment and servicing obligations stemming from past borrowings. Balance-of-payments pressure also

continued to be severe during the past year. Despite further expansion of borrowing on commercial terms from various sources, foreign exchange reserves fell during the year.

7. Although India's balance of payments is under pressure and India's external debt is large in absolute terms, the debt/GDP ratio and the proportion of concessional debt are more favourable in India when compared to the position in 17 higher indebted countries identified as "problem debtor countries" by the World Bank. In these 17 countries debt/GDP ratios average around 60 per cent, while in India the ratio of external liabilities (including deposits of non-resident Indians) is only a little over 20 per cent. The proportion of concessional debt is as much as two thirds of medium- and long-term debt as against only 6 to 7 per cent of higher indebted country groups. Thus while rising trends in India's external debt and debt service constitute a serious cause for concern, the situation does not immediately threaten the solvency or credit-worthiness of the country. The problem is that the burden of debt service greatly reduces the room for manoeuvres in the choice of appropriate strategies.

B. National development strategies

8. The objectives and priorities of India's developmental efforts are laid down in its five year plans. The tone for the Eighth Five-Year Plan, with which the fourth country programme (DP/CP/IND/4) will broadly coincide, is set by the annual plan for 1990-1991. The economic and social policy of the Government, within which the Eighth Five-Year Plan and the 1990-1991 Annual Plan will be implemented, emphasizes growth with equity and social justice, price stabilization, greater availability of wage goods and services, self-reliance, higher employment generation, improved efficiency and productivity. The emphasis will shift from physical controls to non-discretionary fiscal controls, with less government control and greater liberalization.

9. The pattern of development that India adopted is logical in the context of the existence of widespread poverty and high population pressure. The provision of gainful employment is a central part of development strategy in order to cope with the increase of the labour force. In the agricultural sector, the aim will be to have a higher and less fluctuating rate of growth, with greater attention to increases in productivity by crop and by region. The agricultural growth rate is to be raised in populous regions with potential which have a high incidence of poverty or where growth has become stagnant. Specific attention is to be paid to the problems in rain-fed and flood-prone areas as well as drought-prone areas. Agricultural research and extension and the support systems for production are to be reoriented to meet the special requirements of such areas, which are prone to different types of weather-related stresses. Demand patterns have changed and shortages have been felt more in non-cereal agricultural products. Shortages and high prices of wage goods are particularly acute in regions which are lagging behind in agricultural growth and which have a large number of poor farmers and labourers. A higher and more diversified pattern of agricultural growth should mitigate these shortages and generate additional incomes and put purchasing power in the hands of more poor people, especially women.

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10. A diversified pattern of agricultural growth and more rapid employment generation in rural areas will generate a demand for different types of manufactured goods which can be produced with less capital and foreign exchange. Accordingly, the restructuring of industrial growth is likely to follow from the reorientation of agricultural growth referred to earlier. The reoriented development strategy will focus on the production of essential wage goods and help in generating employment, particularly in the rural areas and especially for women, who account for a majority of the work-force in the unorganized sector. This reorientation is a necessary requirement for an employment-focused strategy since more rapid employment generation is bound to increase the demand for wage goods. Such a strategy will also contribute to non-agricultural employment in rural areas, which will reduce the pressure on agricultural land.
11. The benefits of competition and technology upgrading have been felt in the production of some consumer goods. However, such upgrading does not seem to have taken place in the production of industrial machinery, basic metals and other intermediates. A major task in the next few years will be to ensure, through appropriate policies, improvement in the quality and reduction in the cost/quantity of industrial raw materials, intermediate goods and capital goods. Infrastructure development is central to the growth process. In the recent past, the power and transportation sectors have shown significant gains in productivity. This improvement helped to sustain the relatively high growth rates of the 1980s. However, since the growth process will now require system integration and higher investments in critical areas of infrastructure, it is important that the nature of technologies used in these sectors be closely examined so as to economize on capital goods.
12. The resolution of the imbalance in external payments is of high priority. The key to the correction of the external imbalance lies in the trade account. The trade deficit is projected to narrow this year, but the improvement may not offset the increase in the burden of debt service and the stagnation in earnings from other sources. If export growth is to be maintained, special efforts will be required to increase value-added exports. The import intensity of exports is rising and even a 40 per cent increase in exports will be inadequate to provide enough manoeuvrability in the planning of essential imports. Agriculture and mining are sectors which can provide high value-added exports. While in the short run, exports of selected products from these sectors can be promoted by restraining domestic demand, in the medium term higher exports will call for higher production. A degree of prudence and a certain amount of planning in imports will also be required. The reorienting of industrial growth away from import-oriented consumer durables will in itself help to restrain import growth and can also help to promote efficient import substitution. However, some stringency in the availability of imported inputs and capital goods may be unavoidable in the short run.
13. Close attention needs to be paid to the management of the capital account. Increasingly the pressure on the balance of payments arises from the increase in the absolute burden of debt service. The basic imperatives stemming from the current economic situation would require the country to concentrate on removing fiscal imbalances and promoting greater efficiency in the utilization of existing production assets, import rationalization and export expansion in high value-added

areas. In the medium term, the aim is to concentrate on a broad-based growth pattern with emphasis on removing disparities between sections of population and region.

14. The Seventh Five-Year Plan called for a reduction in the population growth rate with the objective of reducing it to 1.5 per cent. However, the present growth rate is 2.1 per cent. Total population will increase from the present 840 million to 1 billion by the turn of the century, and is not likely to stabilize before it reaches 1.5 billion in the middle of the twenty-first century. This means that the basic natural resources of the country will have to be stretched to support a further 500-700 million people before demand stabilizes. Thus India's developmental efforts have to be underpinned by further intensification of measures aimed at reducing population growth. It may be noted, however, that such measures should not be looked at in isolation but have to be fully integrated with programmes aimed at girls' education, maternal and child health, and women's employment. In line with the Government's high priority to the national family welfare programme, an investment of the order of Rs 3,256 crores (nearly \$2 billion) has been made in this sector (during the Seventh Plan), including multilateral and bilateral assistance.

15. This country programme is clearly based on the Government's expressed priorities discussed above. The Eighth Plan will not necessitate modification of the United Nations Development Programme (UNDP) country programme. Nevertheless, the country programme will be kept under constant review by the Government and UNDP to introduce any modifications that may be called for.

C. Technical co-operation framework and UNDP

16. Total external financial assistance to India accounted for about 10 per cent of the Seventh Five Year Plan resources for development activities. The bulk of external assistance is in the form of capital assistance and only a relatively small portion - less than 1 per cent of the Plan outlay - is in the form of technical assistance. Technical co-operation is, however, invaluable because it contributes significantly to the growth process of the economy by, inter alia, upgrading human resources and fostering the transfer of technology.

17. Generally, technology transfer from abroad takes place through various combinations of the following channels: (a) as part of capital assistance from abroad through multilateral agencies such as the World Bank Group; (b) as part of capital assistance through bilateral aid; (c) technical co-operation and assistance programmes of multilateral agencies such as UNDP, the Colombo Plan, and bilateral programmes; and (d) private commercial arrangements.

18. Capital assistance is generally utilized for projects which are very large, requiring massive doses of investment. The capital assistance from the World Bank Group, which is India's largest creditor, and major bilateral donors has concentrated mainly in sectors such as power, irrigation, agriculture, health and education. The projects undertaken, while aiming to bridge the capital gap, also involve some element of transfer of technology through consultancies and the utilization of imported equipment from other sources, including UNDP.

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19. Among the technical co-operation and assistance programmes, UNDP assistance deserves special mention as it is the largest multilateral source of technical assistance. Such technical assistance has the advantage of offering a very wide choice so that the technology most appropriate for India's conditions and needs can be selected. Further, the technical assistance "package" approach followed by UNDP for personnel, training and related equipment substantially increases the impact of such assistance.

20. Above all, the development-oriented approach of the United Nations system as a whole and UNDP, in particular, and the close interaction of the United Nations organizations with the Governments of member States make for a very fruitful and valued partnership. Recently, the General Assembly in resolution 44/211 of 22 December 1989 on operational activities for development, emphasized, *inter alia*, that "the United Nations system at the country level should be structured and composed in such a way that it corresponds to ongoing and projected technical co-operation programmes rather than to the institutional structure of the United Nations System". The Government of India considers this resolution another landmark in the direction of providing technical assistance needed by the country.

21. An important and specialized aspect of technical co-operation is Technical Co-operation among Developing Countries (TCDC). India has been taking a lead in this sphere but much work remains to be done. Training costs are rising all over the world, but especially in the developed countries. Thus to get maximum returns out of the limited resources available, greater and more programmatic use should be made of comparatively less costly and generally more appropriate expertise and facilities created in India and other developing countries. In fact, following the success of TCDC, proposals on "third country" training are also under active consideration by certain bilateral donors. The strength of TCDC lies in its capability to ensure the availability and transfer of technology that is more suited to the resource endowments and socio-cultural framework existing in developing countries. TCDC is also a good mechanism for promoting integration within a region. UNDP, and in fact the United Nations system as a whole, can play a crucial part by making greater use of the services of Indian experts, goods and training institutions under the UNDP programmes the world over and also under the other programmes of the United Nations system. A seminar was organized in India in November 1989 to assist the United Nations system's endeavour in this direction.

22. In brief, UNDP has a valued role in the overall technical co-operation framework of the country which in turn fits into the larger context of the Government's development activities. Although UNDP's technical assistance is significant, such UNDP resources are limited in relation to the enormous size of the Indian economy and its technical assistance needs. Further, many areas such as population control, poverty alleviation, preservation and amelioration of the environment, the uplifting of the social and economic status of women, provision of better health care and environment for children, etc., are areas that have been accorded a very high priority by the Government. The bulk of the resources required in these sectors is expected to come from domestic sources, however. Therefore, UNDP assistance is proposed to be used in sectors and thrust areas where even a limited technology transfer from abroad can have a high multiplier effect.

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23. Proposals for project ideas which cannot be financed due to such limited UNDP resources are being pursued by the Government for other sources of technical co-operation, wherever possible.

D. Aid co-ordination arrangements

24. External resources have played an important role in India's growth process and, over the years, a system has evolved by which the Planning Commission and the Ministry of Finance co-ordinate all major economic activities including external aid.

25. The Planning Commission, which formulates the Five-Year Plans under the guidance of the National Development Council, is headed by the Prime Minister and members who are ministers in charge of key economic ministries of the Union Government as well as Chief Ministers of all the State Governments. The planning exercise ensures broadly that backward/forward linkages are worked out and also makes allocation of funds (including counterpart funds) for all the plan schemes. Therefore all aid programmes, including the technical assistance programmes, not only have to fit into the Plan, but also have to be allocated local finances out of the Plan resources. The UNDP projects in India which form part of the critical core of larger sectoral programmes and which invariably involve significant local expenditure, are fully integrated into the planning process. Accordingly, internal procedures have been laid down for clearance in advance by the Planning Commission before a project is approved for UNDP assistance.

26. The integration of aid co-ordination within the overall planning exercise ensures the maximum possible utilization of the aid. In resolution 44/211 the General Assembly pointed out, inter alia, that "recipient Governments have the sole responsibility for the co-ordination of external assistance and the principal responsibility for its design and management and that the exercise of those responsibilities is crucial to the optimal use of external assistance and to the strengthening and utilization of national capacity". This will involve a closer working relationship with the Resident Representative of UNDP to improve co-ordination.

27. Externally also, a system of aid co-ordination has developed over the years. Thus the major donors meet annually in the Aid India Consortium in Paris to make their pledges. The United Nations system is also represented through the Resident Representative of UNDP in his role as Resident Co-ordinator. The Resident Representative is invited to make a statement at the meetings on macro-economic and social issues. He also presents a statement describing the support being provided by the various United Nations organizations and programmes operating in India. Such statements are underpinned by the Development Co-operation Report (DCR) analysing external assistance from all sources.

II. THE COUNTRY PROGRAMME

A. Assessment of the third country programme (April 1985-March 1990)

Process of Review

28. The assessment of the third country programme, based on the mid-term review of the programme undertaken in February 1989, was the first such comprehensive exercise in which officials from Government, agencies and donors participated.

29. The mid-term review reaffirmed the overall programme objectives of the third country programme. It also found that sound project preparation, formulation, design and appraisal are vital for achieving project objectives. In some cases, deficiencies in project preparation were found to have led to implementation problems necessitating recasting and redesigning of project components and work schedules, resulting in only partial or delayed achievement of project objectives. But almost all successful projects, the majority of those analysed, had the advantages of proper preparation, formulation, design and sound appraisal and monitoring as well as good management.

30. The mid-term review also led to Government proposals to improve further the formulation and implementation of future UNDP projects. These proposals were:

(a) The main emphasis will be on identifying where the project fits in the sectoral programme. Increased efforts will be made to ensure that the forward/backward linkages are explicitly worked out and that these aspects will be considered subsequently in monitoring performance.

(b) Steps will be taken to ensure that, from the stage of conception, the project goals are expressed in a specific, tangible and measurable form.

(c) National execution will be strengthened through a government multi-disciplinary working group which has recently been set up to oversee and assist in the national execution of projects.

(d) Project documents and all inputs both in material and manpower will be worked out in greater detail, including the responsibilities and time schedules applicable to the government agencies which will provide these as well as the specification of government counterpart funding and any other internal clearances needed.

(e) National project directors will be designated wherever possible at the project formulation stage itself. The emphasis will be on appointing as national project directors only those who will be involved directly with the operational activities of the project. This will help to ensure that the national project directors are fully involved in developing the project and would be aware of all the problems involved. The national project directors will be responsible for the smooth implementation of the projects.

(f) As an innovation, project steering groups will be formed in each government ministry or department, preferably at the level of Joint Secretary, not only to assess regularly the implementation of all the projects in the ministry or department concerned, but also to solve implementation problems whenever they arise.

(g) More Government/UNDP "cluster" evaluations of projects will be planned. A system of joint monitoring visits to geographic locations throughout India where there are several projects will be introduced.

(h) User industries and end-user groups will be increasingly associated from the very beginning of projects to help ensure that projects are viable and that projects, once completed, will be taken over and further developed by the industry concerned.

B. New programme proposals

General features of the fourth country programme

31. During the previous three country programmes, UNDP resources were utilized largely for institution building and a number of centres of technical excellence were established. Therefore, this country programme will focus on consolidating the gains already achieved with emphasis on more multi-disciplinary approaches in appropriate cases. Assistance in establishment of a few new institutions has been proposed, but only where the need is overwhelming and UNDP assistance has a comparative advantage.

32. In the new country programme less importance has been given to purely research-oriented activities, and projects from the research and development institutions that will be included in the fourth country programme will aim at tangible improvement in productivity and output. Generally, only those projects that will enhance productivity in the public and private sectors through transfer and development of technology relevant and appropriate to India's socio-economic conditions will be chosen. A number of projects will also focus on conservation in resource use, and reduction in both pollution and environmental degradation. Moreover, considering the emerging technology needs, as well as the likely cost of acquiring technology later as against developing it indigenously, those few high-technology areas that are very relevant and promising will be supported. This is a significant shift when seen against the background of a long series of traditional institution-building projects.

33. Wherever possible, umbrella and programme-oriented approaches to projects will be attempted. A good example of this is the leather programme, which starts with a component on leather processing including the problems of pollution and effluents, and components on leather quality and processing for specific purposes, footwear and exports. These components are combined in an umbrella project as part of a larger government programme aimed at maximizing vertical and horizontal linkages.

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34. Although an attempt was made to focus on specific areas which would qualify for technical assistance from UNDP, a very large number of project proposals was received from the various government ministries and departments, with the total value of such proposals exceeding \$US 1 billion. This is not unexpected for a vast country like India with its huge technical assistance requirements. The limited availability of UNDP resources for the country programme has therefore been a great constraint and has left a vast array of unfulfilled opportunities for which the Government is pursuing other avenues of co-operation including financing. Considerable opportunities also exist for cost sharing with UNDP. The project portfolios to be finally approved for UNDP financing will depend upon the actual resources available.

The programming exercise and criteria

35. The formulation of the new country programme can be said to have begun with the gathering of data for the mid-term review itself. Frank discussions took place between those involved, namely, the central ministries/departments, the project authorities, UNDP and the various United Nations executing agencies. Subsequently, sectoral review missions by major agencies, such as the United Nations Industrial Development Organization (UNIDO) and the Food and Agriculture Organization of the United Nations (FAO) as well as the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Telecommunication Union (ITU) and the International Civil Aviation Organization (ICAO) and the International Labour Organisation (ILO), were fielded, some for the first time since the inception of country programming. These gave UNDP and the United Nations system a chance to take important, though informal, initiatives in the various stages of formulation of the fourth country programme.

36. In May 1989 the Department of Economic Affairs of the Ministry of Finance requested the ministries and departments to formulate their proposals for the fourth country programme in accordance with criteria that included the Government's wider programme needs and planning procedures. These criteria are described below:

(a) The role of UNDP inputs may be seen as a catalytic mechanism for meeting key technology needs and upgrading technology in industries, particularly where there is large-scale production, employment or export potential;

(b) UNDP assistance is to be generally utilized for strengthening existing institutions and centres. Where new institutions are planned, they will be established in close collaboration with industry;

(c) The concept of national execution and execution of projects in association with a United Nations agency should be systematically considered while formulating projects in order to build up self-reliance;

(d) In the field of research, projects to be undertaken must aim at concrete improvements in productivity, production processes, reduction in the use of resources for production, reduction in pollution, cost-effectiveness and improved working conditions as against concentration on basic research;

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(e) Health, family planning, education and poverty alleviation are undoubtedly priority areas for planned development, but not necessarily for direct UNDP assistance. UNDP assistance should be sought in areas where it can provide a necessary technological spark;

(f) UNDP assistance is essential to facilitate transfer of technology and not to bridge capital equipment gaps;

(g) Attention to the interests of women, children and other groups requiring project attention should be addressed at the design stage itself. UNDP assistance may also be directed towards serving the private sector, especially in the small and medium sectors, which are not only innovative sectors but also have a high employment potential.

37. In September 1989, after a detailed discussion between UNDP and the Department of Economic Affairs, based on the UNDP advisory note, a series of inter-ministerial meetings was held in the Department. UNDP participation for the first time in such meetings proved to be useful. As a result of these meetings, priorities were established with respect to various project proposals fitting the criteria mentioned above.

38. While developing specific projects in accordance with the above criteria, strategies and measures aimed at promoting the interest of women, children and other groups and areas requiring priority attention will be built into the respective projects. Given the nature of technology transfer through UNDP, such integration will be more sustainable within the scope of the specific projects proposed. Moreover, massive programmes for such groups are already being financed through domestic resources. Although a few environment-oriented projects have been included in the programme, the main approach of the country programme is to ensure that each UNDP project is designed and implemented in a manner that is not only not detrimental to the environment, but contributes positively to its conservation and improvement.

39. No separate project has been proposed for TCDC-oriented activities as the Government believes that TCDC flourishes best if it is integrated with the mainstream of technological co-operation and transfer.

Development approach of the Government

40. In the last four decades of planned development for a mixed economy in India, a substantial bureaucratic apparatus has been built up to deal with major economic and social issues. There has been an enormous amount of legislation to carry out the functions of the Government, and the public administration system has been armed with a large number of regulatory powers many of which, over a period of time, may have lost some of their relevance or have even become unproductive. If regulatory policies have to be modified to suit development and procedures have to be simplified to increase productivity, changes will be needed in both the public and private sectors to make them more modern, professional and result-oriented.

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41. For example, if public officials are to see their roles as facilitators, it would be necessary to train them to focus on development rather than regulation. Training to improve the capacity of administrators to improve the quality and speed of delivery and to reduce the cost of public goods and services is essential. This is being attempted by the Government on a large scale from the central to the village level. The need is all the more urgent with the Government's commitment to greater decentralization.
42. Similarly, the identification, adaptation and assimilation of new technology is complex, time consuming and often costly. While due emphasis is given to research and development and technological innovation in the country's plans, the intention is to improve the quality, reliability and performance of goods and materials to make them competitive and exportable. This process should eventually include a more efficient and sustainable use of resources. In many of the country's industries, such as steel, metallurgy, etc., new energy-efficient processes can result in greater economy in the use of resources as well as improvement of the final material. This applies particularly to highly energy-intensive industries. It is also necessary to decrease the raw material intensity of production through technology and, if need be, restructure the economy through the use of fiscal and other incentives and disincentives, a continuous assessment of energy-commodity composition balances, continuous improvement in management at every level, upgrading of skills, improvement in the use of raw materials, use of substitutes, reduction in waste, etc. For this, a conscious and imaginative long-term policy on the part of the Government is essential.
43. The increasing burden of a fast-growing population and development needs has compounded the problem of conservation of resources, control of pollution and improvement in environment. While the problem is complex and has to be tackled at several levels, the Government is keenly aware that further deterioration of the environment cannot be tolerated. The highest priorities are being given to measures against deforestation, soil erosion and reduction of industrial and other pollution and to improving the availability of access to basic water, sanitation and health services. Elements of pollution control and environmental improvement will also be incorporated into government programmes wherever possible.
44. It is the rural poor, in particular, who have to face the heavy costs of development, including the human costs of pollution and environmental degradation. Encroachment of forests and devastation of forest land for energy and wood, the large dams built for irrigation and energy and the changes in the crop patterns which are biased towards commercial crops have gravely affected the rural poor. Rural women and children suffer more in terms of hunger, drudgery and disease, which often result in debilitating illness and death at a young age. There is also exploitation of women and children in many industries. The burden of collecting firewood and potable water falls on women, who have to go longer and longer distances to get fewer and fewer of these necessities. Needless to say, the Government is addressing these problems through specific programmes for women and children, ranging from health and nutrition to employment and education.

45. Legal rights enshrined in a country's constitution have little practical meaning for those who have no access to education, power or a say in decision-making mainly because they are poor. One way to remedy this is to provide a certain amount of purchasing power to improve the bargaining power of the poor and create a self-awareness of their importance as members of society. Schemes for rural employment for public works have been part of India's plans, and the Eighth Five-Year Plan will have a greater bias towards rural development and employment. Programmes, wherever possible, will be prepared in such a way that the emphasis will be more towards creating productive employment through use of more appropriate technology which will emphasize employment generation, soil conservation and reforestation, etc. Positive attempts will be made to encourage non-governmental organizations to educate the people to organize themselves. Government will encourage grass-roots organizations by decentralization and through fund allocations for local planning.

46. All the above priorities of the Government will find expression in several project proposals in the country programme. While such Government priorities have been outlined in a general way, they will be given concrete expression through the wider programmes of the Government in its various sectors and thrust areas. Thus it is into these wider government programmes that projects will fit.

47. Project ideas have been proposed which contribute to one or more of the following general priorities of the Government: (a) improvement in productivity, including public administration and competitiveness, particularly for exports; (b) economy and sustainability in the use of renewable/non-renewable sources; (c) improvement/conservation of environment and control/reduction in pollution; (d) furthering the interest of women and children; and (e) employment and income generation, especially in rural areas. Given the size of economic activity in most subsectors, each UNDP-assisted project has to be viewed as part of a larger programme which affects the living conditions of a large number of people. The UNDP input forms a core of a much larger effort put in by the federal Government, state governments and other agencies. Often the total expenditure in the subsector, particularly for local infrastructure for the project, is several times the UNDP input. The main question then is one of how to ensure that each UNDP project is implemented in such a way that the capacities so generated result in far-reaching and widespread effects.

48. The five general priorities stated above, which cut across several project proposals, are also reflected in the expressed priorities of UNDP and the country programme development objectives identified below.

Country programme development objectives and thrust areas

49. The ensuing discussion brings out in some detail the technical co-operation needs and priorities of various government sectors and thrust areas identified for possible UNDP assistance. This sectoral classification of fourth country programme development objectives has been made for the sake of convenience. The allocation of resources by objective has been used to introduce flexibility in the country programme and to put into practice the concept of continuous programming, leaving the vast array of unfulfilled opportunities referred to above for the Government to pursue other avenues of co-operation including financing.

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1. Strengthening systems and techniques for higher and sustainable growth in agriculture, including irrigation, forestry, fisheries, animal husbandry and environment

50. The agricultural sector continues to have a strategic role in India's economic development. About 70 per cent of the population (560 million) is dependent on agriculture for its livelihood. Around 60 per cent of the total work-force is employed in agriculture and allied sectors; of this, 35 to 40 per cent are women. The contribution of this sector to the GDP in 1987-1988 at current prices was 32.5 per cent. Sustained growth in agriculture is important not only for meeting the food and raw material needs of the country but also for generating employment. Agricultural development and, in a broader sense, rural development, constitute the foundation of a development strategy for India. A public sector investment of the order of \$35 billion was made in the agricultural and allied sectors in the first four years of the Seventh Plan. To this, private investment may be added as agriculture is largely under private ownership. The Government has decided that, given its thrust on poverty alleviation and employment generation, approximately 50 per cent of the Plan resources will be directed towards the rural sector.

51. During the current decade, value added in agriculture grew at around 2 per cent. On the other hand, gross agricultural production (as distinct from value added in agriculture referred to above), which grew at 6.5 per cent per year in the Sixth Plan period, had decelerated to a little over 4 per cent per year in the first four years of the Seventh Plan. Even more disquieting is the continued significant fluctuation in agricultural growth. The fluctuations in agricultural growth appear to be significantly greater in food crops as compared to non-food crops, even though the average rate of growth in gross production of these two groups has not differed significantly in the past decade.

52. The regional spread of agricultural growth also shows other troublesome features. There is evidence to suggest that the foodgrain production growth rate fell sharply in the southern and western regions but rose in some of the more populous parts of the north and the east. Thus, as already indicated, the central task of the Government, and a development objective of this country programme, is to aim at a higher and more sustained rate of agricultural growth and this growth must be planned by crop and by region.

53. As an integral part of a sound system of diversified agriculture, emphasis is also laid on the development of animal husbandry, dairy development, poultry processing and pisciculture, which employ a large number of women.

54. Water resources management and irrigation are central to the strategy to raise agricultural output. In order to increase the performance of irrigation within the existing resource constraints, the emphasis is currently on: completion of ongoing projects, with priority to those benefiting drought-prone areas; priority use of existing potential by constructing field channels, land levelling, etc.; solving problems arising from salinity and water-logging; ensuring satisfactory maintenance of canals and distribution systems; and accelerating exploration and exploitation of ground water including the mapping of water resources using remote-sensing techniques.

Proposals for consideration of UNDP co-operation

55. The strategy for agricultural development as outlined above will involve much wider extension of the already available and proven technology and introduction of suitable technology from abroad. The "extension projects" normally involve huge doses of investment, a large part of which may be for civil works and equipment, and they are being financed out of domestic resources and capital assistance from some major external donors including the World Bank. The UNDP projects will be in areas where inflow of technology from abroad is of crucial importance and where a small external input can provide a much needed spark. These might well further stimulate the extension projects. Of course each of the UNDP projects would also involve significant counterpart (local) expenditure to create local facilities for reception and adaptation of the technology to the existing network and ultimately its wide dissemination.

56. As the agriculture sector will receive priority, in terms of domestic investment, the share of the agriculture and allied sectors in the fourth country programme resources will also be increased compared to the third country programme allocation. It is important to note in this context that UNDP assistance to the agricultural sector in the fourth country programme should not be looked at in isolation but as the ongoing process of substantial support that the sector has received in earlier programmes. UNDP has been actively involved in the agricultural sector from the beginning of its partnership with India in 1951. Special mention may be made of UNDP's involvement in the spread of the vast network of post-graduate agricultural education and research institutions and programmes. UNDP's co-operation in India's irrigation sector has also been very fruitful. Particular reference may be made to UNDP's collaboration of nearly three decades with the Central Water and Power Research Station in Pune, which has become a premier centre in its field in Asia.

57. In the fourth country programme, the strategy underpinning UNDP assistance to India's agricultural sector will centre on technological relevance and the harnessing of research and technology more effectively for development. Such a strategy will meet the needs of long-term sustainable development calling for special attention to environment and renewable resources and maintenance of the crucial genetic variability of plants and animals.

58. In response to these needs and keeping in mind the prior experience in the agricultural sector, UNDP technical assistance is planned in the following thrust areas: (a) reducing wastage through modern, improved pest management methods, including biological methods; (b) application of technology for better productivity in allied sectors such as dairy development and pisciculture; (c) sustaining high agricultural production in irrigated lands; and (d) increasing the irrigation cover through use of modern techniques in water management.

59. The efforts that constitute the strategy in these thrust areas will include consideration of the application of modern technology for improving productivity in hybrid rice production, oilseed production and procurement, and a comprehensive approach to pest management which includes bio-pesticides and cyst nematodes as well as the creation of plant quarantine facilities to screen exotic pests and

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diseases. Assistance in pesticide development which directly supports agricultural production will continue into the fourth country programme. Attempts will also be made to harness the latest developments in plant molecular biology for agricultural development. Establishment of phytotron facilities will be another activity in this direction. Proposed UNDP assistance in the field of irrigation will be aimed at both increasing the irrigation cover and more efficient utilization of water resources through the use of modern techniques in water management. Such efforts will include use of remote-sensing techniques in the mapping of soils, testing of sensitive soils, measurement of stress in rocks, research on creep of concrete, studies on safety of dams and automated operation of irrigation canal systems, and studies related to catchment areas.

60. Introduction of modern poultry-processing techniques and fruit processing and packaging should contribute to waste reduction, better prices and more exports as well as higher incomes. Further, since the food-processing industries are largely in the unorganized sector where women's participation is very high, this assistance will especially benefit them.

2. Enhancing the productivity and competitiveness of industry

61. A modern and fast growing industrial sector is necessary for providing such vital inputs to agriculture as fertilizers, pesticides, and essential agricultural machinery including pump sets, power tillers and tractors. Industrial growth is also crucial for maintaining an adequate supply of basic commodities for mass consumption such as sugar, vegetable oils, drugs and textiles. Sustained growth in the steel, cement, coal, power, petroleum, fertilizers and other capital goods sectors is the sine qua non of overall economic development.

62. As a result of successive Five-Year Plans, India has been able to establish a diversified industrial base. A notable achievement has been the establishment of a wide variety of capital goods industries which did not exist at the time of India's independence. The aggregate annual industrial production in the country is of the order of \$US 3-4 billion. But industrial progress in India has been neither particularly cost-effective nor efficient in the use of resources. The technological obsolescence in certain industries such as textiles, engineering goods and the metal industries is a matter of concern. The benefits of competition and technology upgrading have been felt most in the production of some consumer goods. Similar benefits do not seem to have accrued in the production of industrial machines, basic metals and other intermediate goods. While industrial production, which grew at a little over 6 per cent per year during the Sixth Plan period, had accelerated to average 8.5 per cent per annum during the first four years of the Seventh Plan, a somewhat troublesome feature has been the variation in growth performance recorded by different groups of industries. The growth of intermediate goods and consumer non-durables has averaged significantly lower than the growth of consumer durables. As already indicated, a major task in the next few years will be to ensure, through appropriate policies, a reduction in the cost of industrial raw materials and intermediate goods and an improvement in product quality, particularly for capital goods.

63. Employment generation is one of the most important objectives of the Government's policy. To revitalize the small-scale industry sector, which is more labour-intensive, efforts will be made to improve the sector through, inter alia, application of improved technology which will also be used to prevent, or at least reduce to safe limits, pollution from industries.

Proposals for consideration of UNDP co-operation

64. In the capital goods sector, assistance will cover improvement in productivity in the steel industry through expansion of computer-managed maintenance initiated in the third country programme, creation of a development centre for the re-rolling industry, the development of new iron powder materials for the iron casting industry, and hard ferrite materials used in the automobile industry, from the mining waste of "blue dust".

65. In the engineering sector, assistance will be given to crucial areas such as instrumentation engineering, cryogenic engineering, fault diagnosis of computer numerical control (CNC) machines, metal forming, and development of power line aggregates.

66. A wide variety of small-scale industries will be considered for technical assistance. Specifically, efforts will be made to improve the production processes and consequently product design and quality in the sewing machine industry, small-scale glass manufacturing industry, perfumery and essential oils industry and small-scale auto-parts manufacturing industry.

67. Assistance will be given to small-scale pump manufacturers for product-cum-process development of pumps, motors and diesel engines for agricultural use. This will help in designing and manufacturing new pumps and motors to reduce energy use, improve efficiency and reduce resulting pollution.

68. In electronics, where India has a comparative advantage owing to its large pool of high-level scientific and technical manpower and a significant industrial base, assistance will be given in critical areas such as failure analysis of micro-electronics components, electronics design and technology for process engineering, high performance computer applications, Application Specific Integrated Circuits (ASIC) development, and improving mechanical design facilities to help small-scale enterprises. The main thrust of UNDP assistance will be to assist in the development of high-level skills, and the provision of testing and training facilities to electronics manufacturers to raise their product standards.

69. In the chemical sector assistance has been proposed for further strengthening plastics engineering technology, design and development of composites, crystal growth and process technology, and high energy density plasma application for material and chemical processes.

3. Improving efficiency in energy use, exploitation and utilization of mineral resources and environmental protection

70. Energy scarcity remains a key constraint to accelerating the rate of India's economic growth. Fuel and power shortages continue to hamper full utilization of industrial and agricultural production capacities, and oil imports continue to absorb approximately one third of India's export earnings. While the energy sector has performed reasonably well in the past decade, power shortages continue. Coal, India's most abundant commercial energy resource, meets about 40-45 per cent of energy requirements, mainly in power and industry. As conventional sources of energy become costlier, attention is being focused on the exploitation of non-conventional sources such as gas, and renewable sources such as solar and wind energy. The latter also have the unique advantage of not polluting the environment.

71. India has a large mineral base. In addition to coal and iron ore there are substantial known reserves of bauxite, zinc, lead, copper, chromium, uranium, thorium, mica, etc., and recent explorations have resulted in large increases in proven reserves. For efficient exploitation and utilization of these resources, scientific and technological inputs have an important role. The thrust areas for technology inputs in mining include utilization of low-grade and multi-metal ores, recovery of by-products, improvement of efficiency and productivity, reduction of costs, and environmental protection.

72. In per capita terms, India's natural resources are inadequate to meet its developmental requirements. There is consequently an urgent need to maximize efficiency in exploitation and utilization of these resources. There should be increasing caution in the exploitation of natural resources to ensure that the delicate ecological balance is not disturbed and the already depleted environment is not further impoverished. The Government firmly believes that sustained development and improved quality of life for its people are possible only by harmonizing the development process with the preservation and improvement of environment on a sustainable basis. Thus, environmental concerns have increasingly started guiding decision-making in all sectors of the economy. The areas under this country programme have been selected carefully to contribute to the above objectives.

Proposals for consideration of UNDP co-operation

73. In the energy sector, UNDP assistance will continue in such vital areas as petroleum engineering and production technologies (including drilling technology), integrated operation and control of power systems, non-conventional energy areas (solar and wind) energy and in the field of energy conservation - started during the previous country programme.

74. In the petroleum sector, UNDP assistance will be considered in the fields of petroleum engineering (offshore platform design) and enhanced oil recovery techniques for depleted oil reservoirs. In the coal sector, assistance is proposed for computer-aided design capabilities for coal mining, seismic studies for prediction of faults and discontinuities of low magnitude in coal-mines, and combating spontaneous heating and fires in these mines. UNDP assistance in the emerging field of non-conventional energy resources will be further strengthened to

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develop amorphous silicon solar cell technology and solar photovoltaic power water pumping systems. There will be efforts at improving energy efficiency in user-industries such as steel, aluminium and textiles, as well as in the production of energy-efficient generators.

75. In the minerals sector, while UNDP assistance in the areas of control of water systems in coal mining, mineral processing, modern cartography, mine planning, and mineral resource development in general will continue, the new areas proposed for UNDP assistance include technical computing in geology and mining, development of gemstone resources, identification of blind ore bodies and in situ grading using modern underground techniques.

76. Environmental protection is one of the key areas of concern to be addressed by this country programme. A two-pronged strategy has been evolved towards this end. Firstly, a few fundamental areas needing priority attention will be considered through exclusive programmes/projects. These include assistance to forestry research and development and wildlife preservation. Efforts towards wasteland development and abatement of adverse environmental impact of textile and chemical units are other crucial areas. Secondly, an endeavour has also been made to consider to the extent feasible environmental protection in other fields. For example, the "umbrella" project on leather development has a crucial segment on reduction of pollution from tanneries.

4. Export promotion

77. The foreign trade deficit widened sharply to equal 4.4 per cent of GDP in 1980-1981 following the second "oil price shock" of 1979-1980. However, the strategy of incremental and cumulative import liberalization which had been started earlier was not reversed. Instead, further initiatives were undertaken to deregulate domestic industrial production. The major balance-of-payments adjustment problem over the Sixth Plan period was low growth in earnings from exports. As a consequence of this, the ratio of exports to imports fell to as low as 54 per cent in 1985-1986, and the Government launched a wide range of export promotion measures which led to strong export growth - averaging 10 per cent - in the next three years. However, given the low starting base of the export/import ratio and other adverse factors, pressure on the balance of payments continued to mount during the remainder of the Seventh Plan.

78. The Government has accorded high priority to improving the balance-of-payments position through further acceleration of export growth, efficient import substitution and economic utilization of scarce foreign exchange resources. Measures aimed at export promotion include improved export market information for selected products and improving the quality of products and their packaging.

Proposals for consideration of UNDP co-operation

79. In keeping with the high priority accorded to this sector, a large umbrella project on export development will be considered in the programme. It is hoped that this project will stimulate the export of agro-products and handicrafts. The

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umbrella project on leather is also primarily oriented towards improving the export potential of leather products, which are already a good foreign exchange earner for the country. Assistance will also be directed towards improving the quality of yarns and fashion technology to enable the country to expand its share of the high demand for textiles and finished products abroad. UNDP assistance will also be considered in organizing a centre for advanced studies and research in the crucial areas of international trade and taxation, fiscal policy and other allied subjects.

5. Development of transport and communications

80. India has built up an extensive transportation system comprising about 62,000 route-km of rail lines, 1.8 million km of roads, 10 major ports, 14 major airports (six of which handle international flights), as well as coastal shipping and inland water transport. Road and rail are the predominant modes of domestic transport, accounting for about 95 per cent of freight and passenger-km. The emphasis on civil aviation, another fast-growing area, will continue. Although the transport system has grown substantially over the past 25 years, major deficiencies remain and most transport modes need modernization.

81. Communications development is one of the key inputs in overall economic and social development of the country to which the Government attaches high priority.

Proposals for consideration of UNDP co-operation

82. There is a considerable inflow of aid through the multilateral agencies and bilateral donors for the improvement and modernization of capacity in the transport sector. UNDP assistance therefore will be confined to a few critical areas relating to human resources development.

83. Assistance started under the third country programme will continue in the field of designs and standards development in the railways, development of electric transportation technology, and the training of civil aviation personnel in certain critical areas. Fresh proposals for assistance to the transportation sector will be considered in such areas as civil engineering in the railways, upgrading of the skills of port workers, as well as rescue, fire fighting and airport engineering in the civil aviation sector.

84. In telecommunications, UNDP assistance will continue in the field of upgrading telecommunication training facilities, strengthening the national telecommunications network, radio monitoring, and spectrum management. New areas to be considered include development of expertise in new and emerging telecommunications technologies leading to various non-voice services through an integrated services digital network (ISDN); building quality assurance expertise in telecommunications products, components and materials; and strengthening capabilities to absorb new and emerging technologies in broadcasting, refurbishing the storage of archival materials, establishing an advanced level training programme in advanced areas of television transmission, and spatial data management.

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6. Development of social infrastructure (including public administration, health, work environment and culture)

85. For almost four decades, India has pursued planned economic development with the basic objectives of removing poverty and building a strong and self-reliant economy with equity and justice within a democratic framework. Successive Five-Year Plans have contributed to the achievement of these objectives. It was realized during this period that planning would not succeed without substantial investment in human capital and that human resources development would be necessary to release the potentials of the large population.

86. In the course of its development India has built up a huge and complex administrative structure consistent with the size and diversity of the country. This has enhanced India's capacity to deal with the myriad problems of poverty and underdevelopment but has also resulted in administrative management problems and drastically increased the cost of administration. The Seventh Plan emphasized the need for improvements in development project formulation, appraisal, implementation and monitoring and overall development administration in various sectors. Successful implementation of the national development plans depends on the speed, efficiency and effectiveness of the planning, programming and administration systems, the programme delivery system at the field level, and public enterprise management. These are affected by organizational systems and procedures as well as by personnel policy. A detailed strategy for managerial development, upgrading of skills, introduction of fiscal discipline and improvement in productivity is being pursued. Over the decade, a large number of technical, administrative and management institutions have grown in different parts of the country for the upgrading of management techniques and for the training and retraining of public administrators and managers.

87. In health planning, India is committed to attaining the goal of "Health for All by the Year 2000" so that the country's human resources potential and social development are accelerated. As was the case in the Seventh Five-Year Plan, the thrust will continue to be on primary health care as well as on nutrition programmes, particularly for children and mothers. Emphasis will continue to be on disease prevention and on organizing efficient, cost-effective health services which are not only comprehensive and accessible but also affordable. Attempts will be made to increase the availability of alternate systems of health care to people. Water supply and sanitation programmes as well as consumer protection programmes are also of high priority to the Government. Programmes to lessen the human and economic costs of hazardous occupations by improving the work environment, particularly for women, are also to be taken up.

88. With respect to employment, agriculture remains the major employer - especially for the poor - absorbing about 64 per cent of the present labour force of about 270 million. By comparison, industry employs 15 per cent of the labour force and services the remaining 21 per cent. Despite faster GDP growth during the Seventh Plan, the potential for increased employment in agriculture remains an uncertain factor, making it all the more important that productive employment generation proceed rapidly in industry and the services sector. Accelerated upgrading of skills, contributing to human resources development in all sectors and a sharper focus on vocational skills in particular, will be called for.

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89. India's rich and varied cultural heritage dates back to the dawn of history. Human civilization has bequeathed monuments and artifacts of indescribable value that have degenerated due to depredations and environmental deterioration over the centuries. Their protection, restoration and preservation have been a matter of serious concern since the turn of the century. Modern technology can play a crucial part in this endeavour.

Proposals for consideration of UNDP co-operation

90. UNDP assistance will continue in training senior and middle-level public sector administrators in advanced techniques of management, building of management and consultancy capabilities in electricity boards and road transport undertakings, and strengthening the national management programme to provide direct support to enhance the efficiency of public and private sectors for national development.

91. UNDP will also support the Government's efforts in enhancing the existing institutional potential of the Foreign Service Training Institute, strengthening of public administration capabilities commensurate with present and future needs, and upgrading research and development in administration. Asset/liability management technology is another area where UNDP assistance is required and development planning and financial administration will also be considered for UNDP support.

92. UNDP support is envisaged in the areas of water supply, sanitation and consumer protection. UNDP will assist the Government's efforts with respect to the work environment by considering proposals in the areas of improving health, safety standards and working conditions in mines and medium/small-scale industries; improving conditions in the coir-processing industry; detection and prevention of pneumoconiosis amongst coal-mine workers; neural network modelling; development and establishment of solar photovoltaic-powered submersible water-pumping systems to provide safe drinking water to rural communities and acquisition of skills in solar water-pumping technology; improvement of occupational safety and health in onshore and offshore drilling installations and chemical factories, besides strengthening the centre for detection and diagnosis of occupational diseases under the Employees' State Insurance Scheme; assistance in low-cost sanitation in urban areas; and creation of a central source for collection, storage, certification and supply of high-priority reference materials required in standardization and quality control in food and civil supplies to promote a strong and broad-based consumer protection movement in rural and urban areas.

93. UNDP assistance will be considered for developing a national centre for arts (for which preparatory assistance has already been approved) and in the restoration and preservation of cultural property aimed at preserving and protecting India's cultural heritage.

Resource situation for the fourth country programme

94. The resource situation for the fourth country programme is set out in the annex to this document. In summary, the total expected resources available for programming are \$175 million. The spillover of third country programme projects into the fourth country programme will require \$52 million, leaving a balance of

\$123 million for the new programme. Projects yet to be appraised for UNDP financing are among proposals amounting to more than \$1 billion submitted to the Department of Economic Affairs by various ministries and departments for the fourth country programme.

Linkages with ongoing and planned intercountry, interregional and global programmes

95. The intercountry, interregional and global programmes funded by UNDP cover a broad spectrum of activities, and possibilities for establishment of linkages are therefore readily available in most sectors and clearly in all of the thematic areas defined in this country programme. Interaction is facilitated in a variety of ways. Institutions being supported by UNDP projects, whether at the country, regional or global level, are generally linked to international networks in their fields of specialization with UNDP helping to strengthen such networks through fellowships, study/tours, workshops and conferences. In addition, some of the institutions supported by regional or global resources are located in India, such as the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) in Hyderabad. The work which is taking place there with respect to selected cereals and legumes is certainly relevant to India and in line with the fourth country programme strategy. In the field of pesticides management there is a direct link between a regional pesticide network project and a country project as both are managed from the same institution in Gurgaon. Mention should be made of the Asian Packaging Federation, based in Bombay, which is supported by regional resources and co-operates with a country project in the field of industrial packaging. As a final example, India is host to two regional projects in the field of flight inspection calibration and aeronautical telecommunications which have direct linkages with ongoing country projects.

96. In addition to activities tied directly to institution-building projects, regional resources are also being used to fund workshops in India and elsewhere aimed at enhancing private sector participation as well as training and advisory services in other fields.

97. Special mention should also be made of the regional, interregional and global programmes' contributions to grass-roots level activities through the Domestic Development Service/United Nations Volunteers (DDS/UNV) project on strengthening of indigenous non-governmental organizations and government bodies promoting self-reliance at the community level.

98. New programmes with potential linkages include watershed management, where India is already an active TCDC partner, forest industries, and desertification control. Another area which offers interesting possibilities is the network of human resources development planning institutes. There is also scope for interaction in the health field as well as in water management through the joint IMPACT programme of UNDP, the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO).

Annex
FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

A. <u>UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	10 372 000	
Fourth cycle IPF (1987-1991)	156 120 000	
Subtotal		166 492 000
Add: Provisional IPF for 1992 to 1994		<u>93 672 000</u>
Subtotal		260 164 000
Less: IPF expenditures for 1987, 1988 and 1989 <u>a/</u>		<u>85 388 000</u>
Total IPF resources		174 776 000
Government cost sharing		<u>630 000</u>
Total resources		<u>175 406 000</u>
 B. <u>Other sources</u>		
-		-
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		 <u>175 406 000</u>

II. USE OF RESOURCES

Ongoing projects	51 852 000	
New project proposals	41 484 000	
Allocation by objectives	82 070 000	
Subtotal, programmed resources		175 406 000
Unprogrammed reserve		<u>-</u>
TOTAL USE OF RESOURCES		<u>175 406 000</u>

a/ Estimate.



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PROGRAMME PLANNING

COUNTRY, INTERCOUNTRY AND GLOBAL PROGRAMMES

FOURTH COUNTRY PROGRAMME FOR INDIA

Note by the Administrator

<u>Programme period</u>	<u>Illustrative IPF</u>
April 1990-March 1995	\$ 175.4 million

I. THE PROGRAMMING PROCESS

1. The fourth country programme for India (DP/CP/IND/4) is timed to coincide with the Eighth Plan (April 1990-March 1995) and, as with the ongoing programme, it will straddle two programming cycles of the United Nations Development Programme (UNDP). For this reason it is one of the first programmes to be presented to the Governing Council under the revised guidelines for country programming issued in 1988. Moreover, it is also one of the first country programmes to be finalized following the landmark General Assembly resolution 44/211 of 22 December 1989 on operational activities for development.

2. The formulation process of the country programme started with the mid-term review which was conducted in February 1989, a year later than originally planned. While the review concluded that the projects under the third country programme broadly followed the development priorities of the Seventh Plan, it also recognized that the country programme itself did not clearly indicate either strategies or

cohesive objectives for the use of UNDP resources in the various sectors against which programme effectiveness and impact could be meaningfully assessed. At the review much attention was therefore devoted to the problems related to project formulation, implementation and evaluation.

3. The review led to a call for more effective use of UNDP assistance and, to this end, a number of specific recommendations were made. These included, inter alia, a call for a more substantive and realistic appraisal of projects; involvement of all the parties concerned at the earliest stages of project formulation to ensure a deeper understanding of the proposed venture and its relevance to the related economic and/or social sector; strengthening of the capacities of the executing as well as implementing agencies; enhancement of co-ordination at the project level with other multilateral and bilateral programmes; and, finally, an increase in the size of the projects (and therefore a decrease in their number) in order to improve project management and monitoring.

4. Following the mid-term review, the initial work on the fourth country programme was largely project oriented with emphasis on enhancing the impact of joint Government of India/UNDP-funded activities. With this in mind, agencies of the United Nations system were for the first time invited to field missions to identify technical assistance needs in the respective sectors. Thus UNDP and the Government were able to benefit from inputs provided by the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Trade Centre UNCTAD/GATT (ITC), the International Civil Aviation Organization (ICAO), the International Labour Organisation (ILO) and the International Telecommunication Union (ITU) that were based on programming missions fielded by them.

5. In line with the 1988 guidelines, the advisory note was based on an assessment of the ongoing country programme as well as an analysis of the overall technical assistance needs in India. The analysis pointed to the need to move away from a project-oriented approach and led to the identification of a number of thematic thrusts, which essentially have been maintained and now form the backbone of the programme. The advisory note also highlighted various UNDP global themes such as the environment, the private sector, women in development, and non-governmental organizations, which are addressed in the country programme. Finally, the note contained recommendations on the modalities for implementation, including increased use of national execution and combination of a number of small projects under large "umbrella" projects.

6. When the advisory note was delivered to the Government in August 1989, the Eighth Plan was still under formulation and, as intended, the note became an input to the formulation process. As an illustration of how this input was integrated into the planning process, UNDP was invited, for the first time, to participate in sectoral reviews that brought together the Planning Commission, the Ministry of Finance (including the Department of Economic Affairs, which co-ordinates external aid), and the major line ministries. These reviews, which took place in late September 1989, were aimed at identifying individual projects for technical assistance support in the context of the overall programmes, priorities and needs identified by the Government. The large number of project proposals reviewed,

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which totalled approximately \$1 billion, also emphasized the enormity of India's technical assistance needs and served to highlight the need to direct the relatively modest indicative planning figure (IPF) resources available in the fourth country programme to priority areas that could have a catalytic role in the context of India's development efforts. In the light of this, the Government of India intends to seek co-financing of projects amounting to approximately \$100 million from various other donors to meet unfulfilled needs within the framework of the country programme.

7. From a review of the formulation process it is apparent that the country programme is the result of a very thorough, extensive and professional dialogue between the Government of India and UNDP. There has been a genuine concern for effective use of scarce resources and a search for ways and means that will ensure maximum impact of the joint activities. A better integration of UNDP-funded activities into the overall development efforts of the country through a more pragmatic approach will be one way of achieving this impact.

II. ANALYTIC COMMENTARY ON THE COUNTRY PROGRAMME

8. The fourth country programme for India marks a departure from earlier programmes in several respects. Instead of continued support for achieving ever higher levels of technical expertise and excellence within a broad spectrum of research and development institutions in India, emphasis will now be on transfer and development of appropriate technologies which will yield early socio-economic benefits. Instead of a concern with projects and project identification, emphasis is now on thrust areas and Government programmes and on exploring the dimensions of national execution.

9. The country programme is organized around six thrust areas that have been identified from among the Government's priorities as those where UNDP would have a comparative advantage. The allocation of resources to these thrust areas is limited to the IPF, and in order to maintain maximum flexibility, it was decided to limit the project list to the ongoing projects and the "hard" pipeline from the ongoing programme. Subsequently, projects will be given priority on the basis of annual Government budgetary allocations, in line with the programmatic thrust areas.

10. While the Government's strategies and programmes within each of the thrust areas are described in some detail in the document on the fourth country programme (DP/CP/IND/4), the Administrator takes this opportunity to highlight some points from each thrust area which bring out the character of the programme.

Strengthening systems and techniques for higher and sustainable growth in agriculture, including irrigation, forestry, fisheries, animal husbandry and the environment

11. India has been very successful in the development of its agriculture and has moved from being a net importer to a net exporter in the last decade. This notwithstanding, fluctuations in output and growth are still substantial and distinct regional patterns are apparent. Agricultural growth strategies will hence be formulated by crop and by region; in addition, diversification of agriculture

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will be pursued through increased emphasis on animal husbandry, dairy development, poultry processing and pisciculture.

12. Given the fact that India has reached the limits of its exploitable land, a more diversified and intensive use of the land and its resources is the next logical step. UNDP will be assisting the country in taking that step but only in an indirect and selective way. More attention will be given to technological relevance, and effective harnessing of research and technology for development will be emphasized. It appears, for instance, that the improved varieties which formed the backbone of the Green Revolution in India have reached a plateau in terms of yields and the fast-growing population therefore makes it imperative to develop new technologies. Introducing hybrid rice varieties with UNDP assistance is one example of what is being done to take up this challenge. In the fourth country programme, efforts will also be made to harness the latest developments in molecular biology and biotechnology. In addition, UNDP will assist in the collection of data on the various ecological regions of the country and in developing agricultural technologies tailored to local environments. By virtue of involvement in applied research of this nature UNDP is poised to play a significant and catalytic role in the transformation of agriculture in India, a role which also emphasizes and is expected to have a significant impact on the environment, both directly and indirectly.

Enhancing the productivity and competitiveness of industry

13. Over the years India has been successful in establishing a diversified industrial base but industrial progress has been neither cost-effective nor efficient in the use of resources. A policy of deregulation initiated in the mid-1980s has yielded some results and, by all indications, the Government is determined to move gradually towards an open economy. This policy must, however, be viewed in the context of a basic objective of the Government of India, namely, to achieve and maintain a high degree of self-reliance. In tandem with deregulation, the Government will therefore intensify its promotional role, which includes training of manpower and provision of various financial incentives and services to industry. Self-reliance also implies support to agriculture via provision of equipment and inputs such as fertilizers and pesticides, indigenization of various types of production and generation of employment. Special attention will be paid to the small-scale sector in pursuing these objectives.

14. In line with the Government's policies and programmes, UNDP assistance will focus on enhancing the productivity and competitiveness of industry, from the steel sector to the needs of the small entrepreneur. UNDP involvement will also continue in the development of the electronics sector, which has grown by leaps and bounds in recent years and which, apart from a significant employment potential, has almost revolutionary applications in all major sectors of the economy, including agriculture, health and communications. UNDP-assisted projects will focus on training of manpower in high-level skill applications and on quality control. Significant attention will also be given to the chemical sector, with emphasis on transfer of promising new technologies in such fields as plastics engineering, composites and crystal growth and process technology.

Improving efficiency in energy use, exploitation and utilization of mineral resources and environmental protection

15. India is endowed with considerable mineral resources. However, these resources are not sufficient to meet all its needs. This is particularly true with respect to energy resources such as coal, oil and gas. UNDP has a long history of involvement in the petroleum sector and assistance has also been provided in the field of alternative energy sources, such as solar and wind energy, as well as energy conservation. In view of the fact that major new oil and gas reserves have not been found in recent years and that known fields are reaching their peak, UNDP will provide assistance in enhanced oil recovery technology. At the same time UNDP will be involved in improvement of coal-mine operations and strengthening of research in non-conventional energy sources.

16. With respect to other natural resources such as forests, land, water and wildlife, India is now in a situation which, in the context of its burgeoning population, can only be described as precarious. The Government firmly believes that sustained development can only be achieved if economic development is pursued with due attention to the environment. Major policies are in place and programmes involving afforestation and wasteland management are under way. UNDP is already involved in the development and improvement of technology packages in these areas and will continue to contribute to them during the fourth country programme.

Export promotion

17. Export promotion has been pursued in a consistent manner over the past three to four years with promising results. Further acceleration of exports is needed, however, in view of the mounting pressure on the country's balance of payments and the increasing external debt. UNDP's assistance will concentrate on the leather and textile industries, which already are good foreign exchange earners but are far from having reached their full potential. Assistance to the leather industry is of particular interest since it will be organized within a so-called "umbrella" approach seeking to combine what would earlier have been several discrete projects into a programme covering the major technical assistance needs of the subsector, ranging from improvement of product quality to design and marketing.

Development of transport and communications

18. Efficient transport and communications is a sine qua non for a modernizing society. UNDP has been involved for a long time but in a very selective way in view of the large inflow of resources in this field from other major donors. No significant change in this involvement is envisaged and UNDP will continue to assist the railways in such areas as design of new rolling-stock and training of civil engineers. Assistance will also continue in the field of telecommunications where several new initiatives are under consideration.

Development of social infrastructure (including public administration, health, work environment and culture)

19. The last of the six thrust areas focuses on human development, including culture, health, the work environment, and raising administrative capabilities.

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The strategy here for UNDP assistance is to be a technological "spark" for those areas where other donors, international as well as bilateral, might already have a strong presence.

20. Besides the six thrust arms, the country programme amply reflects a number of themes which UNDP has been emphasizing in recent years. These include women in development, the environment, Technical Co-operation among Developing Countries (TCDC), and the private sector, which cut across the thrust areas described earlier. They will find a concrete expression in the course of detailed project/programme formulation exercises within these thematic thrusts. The Government of India is already giving special attention to these themes through its various programmes and is committed to pursuing them further.

III. MANAGEMENT OF COUNTRY PROGRAMME IMPLEMENTATION

21. Given the changes in content and structure of the programme as well as the fairly rapid transition to national execution expected under General Assembly resolution 44/211, the management and implementation of the programme will require special attention.

22. India already has been gaining experience with national execution and plans were under way to increase the share of nationally executed projects even before the General Assembly resolution was adopted. Acceleration of the pace is desirable and the Regional Bureau for Asia and the Pacific and the field office in India will be collaborating very closely with the Government to ensure that the transition will be smooth and successful. The measures include, *inter alia*, streamlining of procedures, training of staff and counterparts, and establishment of a unit for providing backstopping and advice to national directors of nationally executed programmes/projects. The first version of a manual for national project directors has already been issued.

23. With the new approach, co-ordination - particularly within the United Nations system - becomes much more of an operational issue. Accordingly, UNDP welcomes the Government's invitation to strengthen co-operation in this area and plans to address this issue more systematically at the project formulation stage. This will entail a review of relevant projects and programmes, whether ongoing or planned, in the context of an analysis of the key issues and problems of the sector. In addition to ensuring complementarity and fostering direct linkages where appropriate, such a review will facilitate exploration and pursuit of co-financing to augment the relatively modest IPF resources and strengthen UNDP's ability to support the Government in its efforts to obtain additional external resources.

24. The allocation of external resources by thrust area, which replaces a full project listing and hence provides unprecedented flexibility with respect to selecting and prioritizing projects, implies that annual programme reviews will become even more substantive than at present. This may in turn obviate the need for a mid-term review of the depth and scope which characterized that of the third country programme. However, only experience will show whether this indeed will be the case and changes in this respect are therefore neither assumed nor proposed at this stage.

25. Overall, it is hoped - and the Administrator will work actively towards that end - that the "programmatic" approach will facilitate a reduction in the number of projects and thus help to pave the way for improvements in the management and monitoring of the programme. Moreover, new technology such as computers and electronic mail is expected to improve productivity. The Administrator is therefore confident that UNDP headquarters as well as the field office will be able to cope effectively with the new demands placed upon them in effectively managing India's fourth country programme.

IV. RECOMMENDATION OF THE ADMINISTRATOR

26. The Administrator believes that the approach embodied in the country programme is appropriate and prudent and he is confident that it will strengthen the impact of the joint Government/UNDP-funded activities in India.

27. In the light of the foregoing, the Administrator recommends that the Governing Council approve the fourth country programme for India.
